

News Release

Embargoed for release:

8:30 am Eastern Time

7:30 am Central Time

November 24, 2008

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What is the National Activity Index?

The index is a weighted average of 85 indicators of national economic activity. The indicators are drawn from four broad categories of data: 1) production and income; 2) employment, unemployment, and hours; 3) personal consumption and housing; and 4) sales, orders, and inventories.

A zero value for the index indicates that the national economy is expanding at its historical trend rate of growth; negative values indicate below-average growth; and positive values indicate above-average growth.

Why are there two index values?

Each month, we provide a monthly index number, which reflects economic activity in the latest month for which we have data, and a three-month moving average. Month-to-month movements can be volatile, so the index's three-month moving average, the CFNAI-MA3, provides a more consistent picture of national economic growth.

What do the numbers mean?

When the CFNAI-MA3 value moves below -0.70 following a period of economic expansion, there is an increasing likelihood that a recession has begun.

When the CFNAI-MA3 value moves above $+0.70$ more than two years into an economic expansion, there is an increasing likelihood that a period of sustained increasing inflation has begun.

The next CFNAI will be released:

December 22, 2008

8:30 am Eastern Time

7:30 am Central Time

FEDERAL RESERVE BANK
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Chicago Fed *National Activity Index*

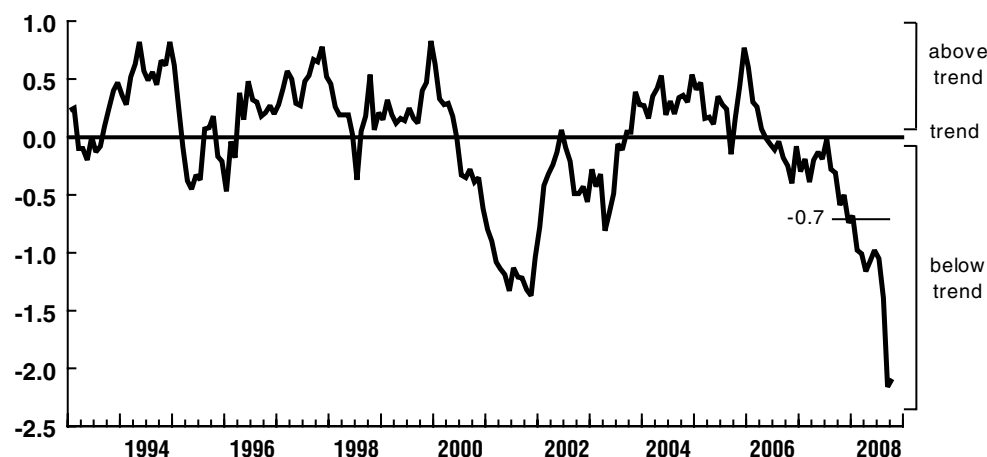
Index shows weakness in economic activity continued in October

The Chicago Fed National Activity Index was -1.06 in October, up from -3.11 in September. The improvement in the index in October was primarily driven by the rise in industrial production from September. Production-related indicators made a positive contribution to the index in October, while the other three broad categories made negative contributions.

The three-month moving average, CFNAI-MA3, increased slightly to -2.09 in October from -2.16 in the previous month, remaining below -2.00 for two consecutive months for the first time since 1982. This negative value suggests that growth in national economic activity was below its historical trend, and marks the tenth out of the last 11 months that the CFNAI-MA3 has indicated an increasing likelihood that a recession has begun. With regard to inflation, October's three-month moving average indicates low inflationary pressure from economic activity over the coming year.

The increase in the monthly index was driven primarily by the production and income category of indicators. This category made a contribution of $+0.14$ to the index in October, following a contribution of -1.98 in September. Total industrial production increased 1.3 percent in

Chicago Fed National Activity Index, Three-Month Moving Average (CFNAI-MA3)



CFNAI and CFNAI-MA3 for the latest six months and year-ago month

	Oct '08	Sep '08	Aug '08	Jul '08	Jun '08	May '08	Oct '07
CFNAI							
Current	-1.06	-3.11	-2.11	-1.24	-0.81	-1.10	-0.75
Previous	N/A	-2.57	-1.61	-1.16	-0.78	-1.08	-0.77
CFNAI-MA3							
Current	-2.09	-2.16	-1.39	-1.05	-0.98	-1.07	-0.59
Previous	N/A	-1.78	-1.18	-1.01	-0.96	-1.07	-0.61

Current and Previous values reflect index values as of the November 24, 2008, release and October 21, 2008, release, respectively. N/A indicates not applicable.

October after decreasing 3.8 percent in the previous month. Much of the increase in October was due to the resumption of activity in industries affected by hurricanes in September. Partially offsetting the increase in industrial production was a decline in the Institute for Supply Management's Manufacturing Purchasing Managers' Index. The index fell to 38.9 in October from 43.5 in September, reaching its lowest level since 1982.

Employment-related indicators contributed -0.70 to the index in October after contributing -0.64 in September. Private nonfarm payroll employment declined by 263,000 in October after decreasing 243,000 in September. In addition, the unemployment rate rose to 6.5 percent in October from 6.1 percent in the previous month.

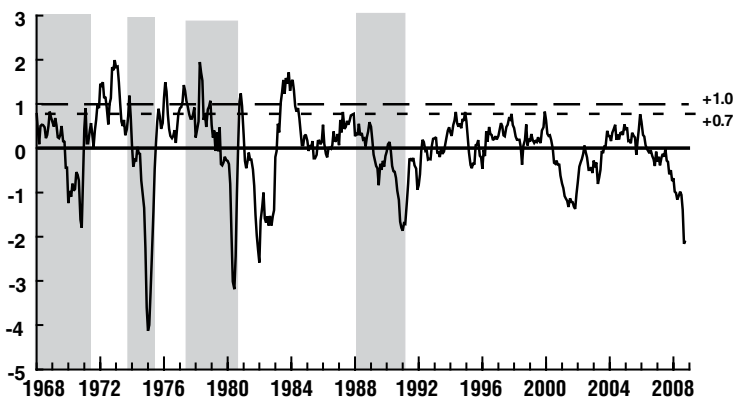
The consumption and housing category made a contribution of -0.36 to the index in October, following a contribution of -0.43 in September. Housing starts declined 4.5 percent in October, following a 3.0 percent decrease in September; and building permits were 12.0 percent lower in October after decreasing 6.1 percent

in the previous month. The sales, orders, and inventories category also made a negative contribution of -0.15 in October.

Twenty-nine of the 85 individual indicators made positive contributions to the index in October, while 56 made negative contributions. Forty-six indicators improved from September to October, while 39 indicators deteriorated. Of the improved indicators, 21 made negative contributions. The index was constructed using data available as of November 20, 2008. At that time, October data for 52 of the 85 indicators had been published. For all missing data, estimates were used in constructing the index.

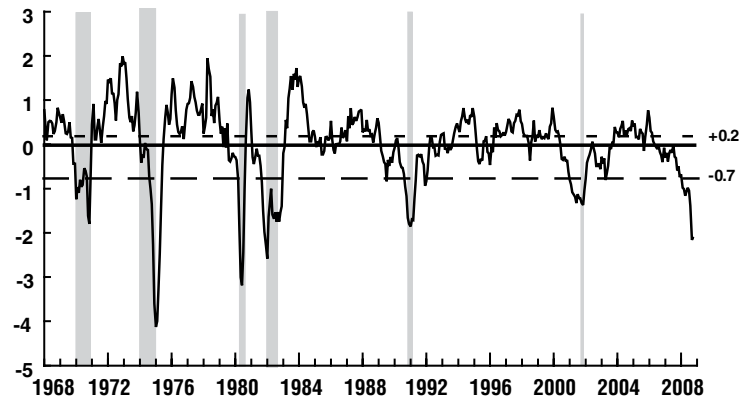
The September monthly index was revised down to -3.11 from an initial estimate of -2.57 . Revisions to the monthly index can be attributed to two main factors: revisions in previously published data and differences between the estimates of previously unavailable data and subsequently published data. The downward revision to the September monthly index was primarily due to revisions in previously published data.

CFNAI-MA3 and Inflation Cycles



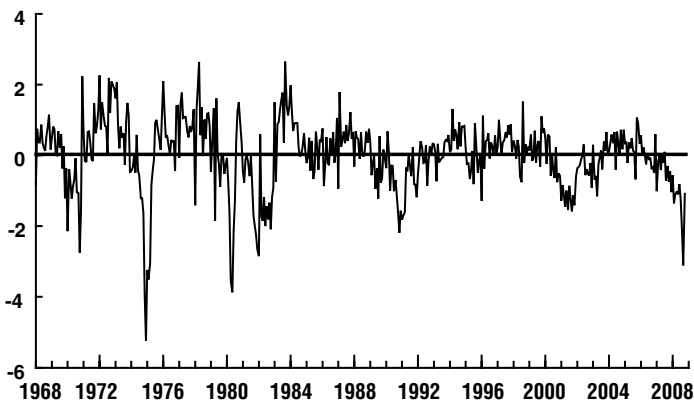
Notes: Shading represents periods of substantial inflation increases. A CFNAI-MA3 value above $+0.70$ more than two years into an economic expansion indicates an increasing likelihood that a period of sustained increasing inflation has begun. A CFNAI-MA3 value above $+1.00$ more than two years into an economic expansion indicates a substantial likelihood that a period of sustained increasing inflation has begun.

CFNAI-MA3 and Business Cycles



Notes: Shading indicates official periods of recession as identified by the National Bureau of Economic Research. A CFNAI-MA3 value below -0.70 following a period of economic expansion indicates an increasing likelihood that a recession has begun. A CFNAI-MA3 value above $+0.20$ following a period of economic contraction indicates a significant likelihood that a recession has ended.

CFNAI, Monthly Index



2008 and 2009 CFNAI Release Dates

<i>Date of Release</i>	<i>Monthly Data for</i>
<i>December 22, 2008</i>	<i>November 2008</i>
<i>January 26, 2009</i>	<i>December 2008</i>
<i>February 23, 2009</i>	<i>January 2009</i>
<i>March 23, 2009</i>	<i>February 2009</i>
<i>April 20, 2009</i>	<i>March 2009</i>
<i>May 26, 2009</i>	<i>April 2009</i>
<i>June 29, 2009</i>	<i>May 2009</i>
<i>July 21, 2009</i>	<i>June 2009</i>
<i>August 24, 2009</i>	<i>July 2009</i>
<i>September 28, 2009</i>	<i>August 2009</i>
<i>October 26, 2009</i>	<i>September 2009</i>
<i>November 23, 2009</i>	<i>October 2009</i>
<i>December 21, 2009</i>	<i>November 2009</i>